

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

Genesis Global Holdco, LLC, *et al.*,¹

Debtors.

Chapter 11

Case No.: 23-10063 (SHL)

Jointly Administered

**DECLARATION OF LOUIS M. CHERRONE,
DIRECTOR OF ALVAREZ & MARSAL
NORTH AMERICA, LLC IN SUPPORT OF THE DEBTORS'
MOTION TO ESTIMATE DCG'S COUNTERCLAIM AGAINST THE
DEBTORS UNDER BANKRUPTCY CODE SECTIONS 105(a) AND 502(c)**

I, Louis M. Cherrone, hereby declare under penalty of perjury, pursuant to section 1746 of title 28 of the United States Code, as follows:

A. Background

1. I am a Director with Alvarez & Marsal North America, LLC ("A&M"), a restructuring advisory services firm specializing in interim management, crisis management, turnaround consulting, operational due diligence, creditor advisory services and financial and operational restructuring, and a financial advisor to the Debtors.

2. The Debtors engaged A&M in November of 2022. Since April 2023, I have worked closely with the Debtors and the Debtors' other advisors. I have over fourteen years of financial experience in restructuring, investment banking, and investment management, including over eleven years working with distressed companies. I have substantial experience analyzing

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's tax identification number as applicable, are: Genesis Global Holdco, LLC (8219); Genesis Global Capital, LLC (8564); Genesis Asia Pacific Pte. Ltd. (2164R). For the purpose of these Chapter 11 Cases, the service address for the Debtors is 175 Greenwich Street, Floor 38, New York, NY 10007.

financially distressed companies with respect to, among other areas, their financial condition, operations, and business plans. I have advised clients in large bankruptcy cases, including *In re Endo International plc*, No. 22-22549 (JLG) (Bankr. S.D.N.Y. 2022) and *In re Gulfport Energy Corporation*, No. 20-35562 (DRJ) (Bankr. S.D. Tex. 2020), as well as other restructuring assignments conducted outside of the chapter 11 process. I earned my bachelor's degree from Northeastern University and Master of Business Administration from Columbia University.

3. I am generally familiar with the operations and affairs of the Debtors, including debtor Genesis Global Capital, LLC (“GGC”). I submit this declaration (the “Declaration”) in support of the *Debtors’ Motion to Estimate DCG’s Counterclaim Against GGC Under Bankruptcy Code Sections 105(a) and 502(c)* (the “Motion to Estimate”).²

4. Except as otherwise noted herein, the facts set forth in this Declaration are based upon my personal knowledge, information provided to me by the Debtors’ representatives or advisors, my discussions with employees of A&M working directly with me or under my supervision or direction, or my review of relevant documents. In making this Declaration, I have relied in part on information and material that the Debtors’ representatives and advisors have gathered, prepared, verified and provided to me, for my benefit in preparing this Declaration. I am not being compensated for this testimony other than through payments received by A&M in its capacity as financial advisor to the Debtors. If I were called to testify as a witness in this matter, I would testify competently to the facts set forth herein.

5. To the extent that the Debtors learn that any information provided herein is materially inaccurate, the Debtors will act promptly to notify the Court and other parties; however, I believe all information herein to be true to the best of my knowledge, information and belief. I

² Capitalized terms not otherwise defined herein shall have the meanings given to them in the Motion to Estimate.

am authorized to submit this Declaration on behalf of the Debtors and, if called upon to testify, I could and would testify competently to the facts set forth herein.

B. The Current Market Value of the Foreclosed Assets

6. I have reviewed the Counterclaim asserted in DCG's Amended Answer, in which DCG asserts that it is entitled to "payment of approximately \$1.2 billion of collateral foreclosed upon by GAP and any proceeds of the foregoing." Counterclaim Prayer for Relief ¶ 2. Such collateral assets (the "Foreclosed Assets") included 35,585,040 shares of GBTC, 33,348.03 BTC, and 17,455.73 ETH.

7. On August 15, 2022, GGC pledged and transferred 30,905,782 shares of GBTC to Gemini to secure its borrowings pursuant to the Gemini Earn Program.

8. On February 15, 2024, this Court granted the Debtors authority to sell certain assets in February 2024 in its *Order (I) Authorizing, But Not Directing, The Sale Of Trust Assets And (II) Granting Related Relief* (ECF No. 1314, the "Trust Assets Sale Order").

9. A&M has not conducted, and is not aware of the Debtors or any advisor thereto having conducted, any tracing or valuation exercise with respect to the disposition of GBTC pursuant to the Trust Assets Sale Order, or with respect to any Foreclosed Assets.

10. On April 2, 2024, the Debtors completed the disposition of all of the GBTC Shares then held by the Debtors. As such, the Debtors no longer have possession of any of the 35,585,040 shares of GBTC that were obtained as a result of the foreclosure. Of these shares, the vast majority—30,905,782 shares—were transferred to Gemini in August 2022, and I have no independent or personal knowledge of whether, when, or at what price Gemini disposed of such shares.

11. The market price of GBTC shares, BTC, and ETH have all increased since June 2022.

12. For illustrative purposes, the approximate current market values of the quantities of GBTC, BTC, and ETH that comprised the Foreclosed Assets, are as follows:

<u>Asset Type</u>	<u>Quantity</u>	Approximate Current Market Value as of April 21, 2024
GBTC	35,585,040	\$2.0 billion
BTC	33,348.03	\$2.2 billion
ETH	17,455.73	\$55 million
Total		\$4.3 billion

C. The Value of the Debtors' Distributable Assets and the Outstanding Claims Against the Debtors

13. As of February 29, 2024, the Debtors were in possession of cash and other assets with a total value of approximately \$4.4 billion, which includes \$808.4 million in cash and U.S. treasury bonds, \$1.3 billion in digital assets, and \$2.3 billion in brokerage assets. Since February 29, 2024, the Debtors have made no substantial net dispositions of assets.³

14. The Debtors filed the *Declaration of Joseph J. Sciametta, Managing Director of Alvarez & Marsal North America LLC in Support of Confirmation of the Debtors' Amended Joint Chapter 11 Plan* (ECF No. 1330, the "Sciametta Confirmation Declaration"), in which, subject to the assumptions and conditions set forth therein, it was explained that claims against GGC if valued as of the Petition Date were estimated between \$2.914 billion and \$3.723 billion. Subject to the same assumptions and conditions set forth in the Sciametta Confirmation Declaration, there have been no adjustments made to the range of such GGC claims estimates.

15. Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct to the best of my knowledge, information, and belief.

³ On April 2, 2024, the Debtors completed the disposition of all of the GBTC Shares for an approximately equivalent value of BTC.

Dated: April 24, 2024
New York, NY

/s/ Louis M. Cherrone

Name: Louis M. Cherrone

Title: Director

Alvarez & Marsal

Financial Advisor to the

Debtors